

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

UNITED STATES OF AMERICA,

Plaintiff,

v.

(1) MATTHEW KLEMMER, and

(2) RICHARD J. SCHMIDT,

Defendants.

INDICTMENT

(18 U.S.C. § 286)

(18 U.S.C. § 287)

(18 U.S.C. § 1028)

The United States Grand Jury charges that:

COUNT 1

(Conspiracy to Defraud the United States)

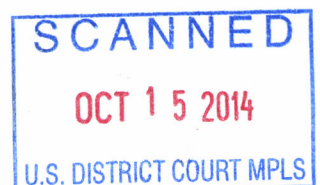
1. Between on or about January 15, 2011 and April 21, 2011, in the State and District of Minnesota, the defendants,

**MATTHEW KLEMMER and
RICHARD J. SCHMIDT,**

did knowingly agree, combine, and conspire with each other to defraud the United States, by obtaining the payment and allowance of false, fictitious, and fraudulent claims, on behalf of the themselves and others, by submitting false claims for income tax refunds with the United States Department of the Treasury through the Internal Revenue Service ("IRS").

Purpose of the Conspiracy

2. The purpose of the conspiracy was to obtain money, in the form of fraudulent income tax refunds, by filing income tax returns that reported false or inflated income, false employment, and other false items.



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Manner and Means of the Conspiracy

3. It was part of the conspiracy that the defendants and others stole or otherwise obtained personal identifying information, including names and social security numbers, of individuals for use in filing income tax returns.

4. It was further part of the conspiracy that the defendants prepared and electronically filed income tax returns in the names of the individuals whose personal identifying information they stole or otherwise obtained. The returns were transmitted in interstate commerce by means of wire communications.

5. It was further part of the conspiracy that the defendants reported on the returns false or inflated Form W-2 wage income and tax withholding and other false information in order to qualify for fraudulent income tax refunds.

6. It was further part of the conspiracy the defendants, by filing returns containing false information, caused the IRS to issue fraudulent income tax refunds in the names of the individuals whose information they stole or otherwise obtained.

7. It was further part of the conspiracy that the defendants caused the refunds to be deposited onto debit cards and sent to locations where the defendants arranged to intercept the refunds, which the defendants then shared among themselves.

8. The scheme involved the submission of more than 30 fraudulent claims seeking refunds totaling more than \$100,000.

9. All in violation of Title 18, United States Code, Section 286.

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COUNTS 2-32
(False Claims for Refunds)

10. The Grand Jury realleges and incorporates by reference Paragraphs 1 through 9 above as if fully set forth herein.

11. On or about the dates set forth below, in the State and District of Minnesota, the defendants,

**MATTHEW KLEMMER, and
RICHARD J. SCHMIDT,**

made and presented and caused to be made and presented to the Internal Revenue Service, an agency of the United States Department of the Treasury, claims against the United States for payment of refunds of taxes, which they then and there knew to be false, fictitious, and fraudulent. The defendants made the claims by preparing and causing to be prepared, and presenting and causing to be presented to said agency, U.S. Individual Income Tax Returns, Forms 1040 and 1040EZ, for the individuals and amounts described below, knowing that the claims were false, fictitious, and fraudulent in that the named individual was not entitled to the refund that was being requested:

Count	Tax Year	Date Filed (on or about)	Taxpayer	Refund Claimed
2	2010	01/15/2011	D.S.	\$4,487.00
3	2010	01/18/2011	A.J.	\$3,627.00
4	2010	01/18/2011	P.P.	\$2,896.00
5	2010	01/18/2011	J.R.	\$3,666.00
6	2010	02/05/2011	M.V.	\$2,780.00
7	2010	02/15/2011	D.L.	\$1,030.00
8	2010	02/17/2011	S.E.	\$6,331.00
9	2010	02/24/2011	L.M.	\$3,672.00
10	2010	03/03/2011	R.B.	\$4,069.00
11	2010	03/17/2011	J.S.	\$7,161.00
12	2010	03/17/2011	T.W.	\$5,899.00
13	2010	03/18/2011	C.R.	\$3,661.00

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Count	Tax Year	Date Filed (on or about)	Taxpayer	Refund Claimed
14	2010	03/18/2011	K.R.	\$3,009.00
15	2010	03/18/2011	M.Y.	\$4,917.00
16	2010	03/19/2011	C.W.	\$3,113.00
17	2010	03/21/2011	C.L.	\$1,577.00
18	2010	03/23/2011	J.S.	\$2,852.00
19	2010	03/24/2011	J.N.	\$3,767.00
20	2010	03/24/2011	M.W.	\$3,977.00
21	2010	03/26/2011	T.A.	\$3,452.00
22	2010	03/26/2011	R.H.	\$3,009.00
23	2010	03/26/2011	W.N.	\$3,617.00
24	2010	03/26/2011	K.O.	\$3,113.00
25	2010	03/26/2011	D.P.	\$3,452.00
26	2010	03/26/2011	R.P.	\$2,013.00
27	2010	04/01/2011	J.L.	\$1,763.00
28	2010	04/02/2011	J.L.	\$2,478.00
29	2010	04/09/2011	D.K.	\$2,814.00
30	2010	04/12/2011	C.L.	\$2,681.00
31	2010	04/18/2011	E.B.	\$2,634.00
32	2010	04/21/2011	L.B.	\$2,561.00

12. All in violation of Title 18, United States Code, Section 287.

COUNTS 33-65
(Identity Theft)

13. The Grand Jury realleges and incorporates by reference Paragraphs 1 through 9 above as if fully set forth herein.

14. On or about the dates set forth below, in the State and District of Minnesota, the defendants,

**MATTHEW KLEMMER, and
RICHARD J. SCHMIDT,**

aiding and abetting each other, knowingly transferred, possessed, and used, without lawful authority, the means of identification of another person with the intent to commit and to aid and abet any unlawful activity that constitutes a violation of federal law, that

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is, the violations of Title 18, United States Code, Sections 286 and 287 as described in this indictment:

Count	Date (on or about)	Means of Identification Transferred, Possessed, and Used	Victim
33	01/15/2011	Name and social security number	D.S.
34	01/18/2011	Name and social security number	A.J.
35	01/18/2011	Name and social security number	P.P.
36	01/18/2011	Name and social security number	J.R.
37	02/05/2011	Name and social security number	M.V.
38	02/15/2011	Name and social security number	D.L.
39	02/17/2011	Name and social security number	S.E.
40	02/24/2011	Name and social security number	L.M.
41	03/03/2011	Name and social security number	R.B.
42	03/17/2011	Name and social security number	J.S.
43	03/17/2011	Name and social security number	T.W.
44	03/18/2011	Name and social security number	C.R.
45	03/18/2011	Name and social security number	K.R.
46	03/18/2011	Name and social security number	M.Y.
47	03/19/2011	Name and social security number	C.W.
48	03/21/2011	Name and social security number	C.L.
49	03/23/2011	Name and social security number	J.S.
50	03/24/2011	Name and social security number	J.N.
51	03/24/2011	Name and social security number	M.W.
52	03/26/2011	Name and social security number	T.A.
53	03/26/2011	Name and social security number	R.H.
54	03/26/2011	Name and social security number	W.N.
55	03/26/2011	Name and social security number	K.O.
56	03/26/2011	Name and social security number	D.P.
57	03/26/2011	Name and social security number	R.P.
58	04/01/2011	Name and social security number	J.L.
59	04/02/2011	Name and social security number	J.L.
60	04/04/2011	Name and social security number	P.K.
61	04/09/2011	Name and social security number	D.K.
62	04/10/2011	Name and social security number	P.K.
63	04/12/2011	Name and social security number	C.L.
64	04/18/2011	Name and social security number	E.B.
65	04/21/2011	Name and social security number	L.B.

15. All in violation of Title 18, United States Code, Section 1028(a)(7).

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CR 14-333 DSD/TNL

A TRUE BILL

UNITED STATES ATTORNEY

FOREPERSON